

Message Text

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TAGS: EFIN, ECON, CA
SUBJECT: BRITISH COLUMBIA REACTION TO FEDERAL BUDGET

1. WITH SEVERAL EXCEPTIONS, FINANCE MINISTER CHRETIEN'S BUDGET MESSAGE IS GENERALLY VIEWED BY BRITISH COLUMBIA OPINION-MAKERS AS RESPONSIBLE AND ABOUT AS FAR AS THE MINISTER COULD GO IN VIEW OF CANADA'S PRESENT SERIOUS FINANCIAL AND ECONOMIC CIRCUMSTANCES. VANCOUVER SUN EDITORIAL OF APRIL 11 DECLARED THE BUDGET "A REMARKABLE EFFORT" IN SATISFYING THE CONCERNS OF A SKEPTICAL DOMESTIC AND INTERNATIONAL FINANCIAL COMMUNITY ABOUT THE GOC'S COMMITMENT TO RESTORE CANADA'S LONG-TERM ECONOMIC HEALTH AND IN SETTING THE STAGE FOR RE-ELECTION OF THE LIBERAL GOVERNMENT. EDITORIAL THOUGHT CHRETIEN WAS "INGENIOUS" IN MANAGING TO KEEP THE PROJECTED DEFICIT AT DOLS11.5 BILLION AND TOOK SWIPE AT CONSERVATIVE LEADER CLARK'S PROPOSAL FOR A DOLS2 BILLION TAX CUT AS "IRRESPONSIBLE". EDITORIAL CONCLUDED THAT "THE COUNTRY WILL HAVE TO JUDGE WHETHER IT WANTS TO RE-ELECT A GOVERNMENT THAT, HAVING LED US INTO THE BIND WE ARE IN, IS NONETHELESS PURSUING REALISTIC POLICIES TO LEAD US OUT --
OR WHETHER IT WANTS TO ELECT A PARTY THAT IS PROPOSING TO LEAD US OUT OF THE MESS WITH THE VERY POLICIES THAT LED US INTO IT."

2. IN SHARP CONTRAST, VANCOUVER PROVINCE EDITORIAL OF THE SAME
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DATE PRONOUNCED IT "A BUDGET OF BAFFLEMENT" THAT WILL BRING MR. CHRETIEN "NEITHER POPULARITY NOR RESPECT". PROVINCE FINDS THE ECONOMY "FADING" AND, FOR WANT OF "IMAGINATION" BY THE HINISTER, STATES THAT THE BUDGET "CONTAINS NO EVIDENCE OF EVEN TENTATIVE FIRST STEPS TOWARD RESTRUCTURING THE ECONOMY TO MAKE IT MORE RESPONSIVE BOTH TO THE INTERNAL NEEDS OF THE COUNTRY AND TO THE HARSHER REALITIES OF A TOUGHER, MORE COMPETITIVE WORLD."

3. B.C. EMPLOYERS' COUNCIL PRESIDENT HAMILTON ISSUED STATEMENT THAT THE BUDGET DEMONSTRATES "A SENSE OF FISCAL RESPONSIBILITY" AND "WILL MAKE A REAL CONTRIBUTION TO INCREASING INTERNATIONAL CONFIDENCE." HAMILTON ALSO SAID HE WAS ENCOURAGED THAT THE BUDGET EMPHASIZED THE ROLE OF THE PRIVATE SECTOR. OTHER BUSINESSMEN QUOTED IN THE PRESS WERE LESS LAUDATORY THAN HAMILTON BUT ARE GENERALLY PLEASED THAT THE BUDGET DID NOT MAKE ANY "EXTRAVAGANT PROMISES". MANY, HOWEVER, HAVE SOME RESERVATIONS ABOUT THE ASSUMPTIONS CHRETIEN MADE IN PREPARING HIS ESTIMATES. SPECIFICALLY, THEY BELIEVE A REAL GNP GROWTH RATE OF 5 PERCENT IS TOO OPTIMISTIC AND FORESEE AN INFLATION RATE IN EXCESS OF 7 PERCENT.
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